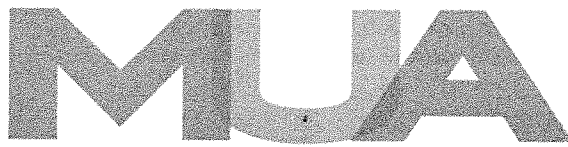


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**PSM 301: PUBLIC SECTOR PROCUREMENT**

**DATE: 6<sup>TH</sup> APRIL 2017**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question one carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

## QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

### PROCUREMENT IN THE PUBLIC SECTOR

Procurement in the public sector differs from the private sector in several ways; the public sector must follow a number of procurement regulations, bringing legislative requirements into force. The tendering process can be a minefield of potential litigation without proper procedures and regulations, where tenderers complain of the lack of a fair and consistent approach to tendering and accusations of favoritism and corruption. In Kenya, opening of the tenders must be done at least two hours after the deadline for submission of tenders. After tenders have been opened, the procuring entity examines and evaluates each of the tender documents. Successful bidders are then notified and a formal contract is issued.

Kenya has lost more than Kshs. 475 billion to shady procurement deals in the last decade (Transparency International Report, 2005) and the next decade would be worse if action is not taken. The need for reform thus becomes urgent, as the local business community has complained that inefficiencies in public procurement were contributing to an unsuitable business environment. According to Thai, 2004 there are no internationally accepted standards of best practice for the management of public procurement but each country tries its own approach although there are common strategies.

The overall strategy of improving public procurement reforms has rotated around instilling the principles of good governance in the public sector. Improved accountability; transparency, legislative frameworks and addressing corruption are among the much needed strategies for improving public sector performance through procurement reforms. Implementing public procurement reforms has not been seriously planned and lacks effective coordinated process. Critics of the current procurement regulations in Kenya have pointed out that the

creation of the Tender Committees for all public institutions under the chairmanship of the respective accounting officers undermines the powers of the executive boards that are excluded from these committees, even when big tenders are to be awarded. In Parastatal Tendering Committee, for example, only two directors are authorized to sit in the Tender Committees. The accounting officer is not allowed to sit in any of the committees.

**Required:**

- a) Give justification why bidders/ contractors should be present during opening of tenders. (10 marks)
- b) Provide reasons for the procurement reforms in Kenya. (5 marks)
- c) Outline the various methods used during the disposal of stores and equipment. (5 marks)
- d) Discuss on the procedures used during the disposal of stores and equipment. (5 marks)

**QUESTION TWO**

Explain the various methods followed when disposing off boarded stores and equipment by government entities. (15 marks)

**QUESTION THREE**

Explain the purpose of public procurement legislation in Kenya. (15 marks)

**QUESTION FOUR**

Procurement documents/ records are usually kept up to ten years or indefinite. Justify this statement why records/ documentation is done and maintained. (15 marks)

**QUESTION FIVE**

Explain the composition, functions and responsibilities of various procurement committees. (15 marks)

## QUESTION SIX

Explain the following procurement methods as applied in public procurement

- i. Open tendering (3marks)
- ii. Restricted tendering (3marks)
- iii. Direct procurement (3marks)
- iv. Request for proposal (3marks)
- v. Request for quotation. (3marks)